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Cayman Islands

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I. General

1. The Territory of the Cayman Islands[1] is located some 180 miles west of Jamaica and about the same distance south of Cuba. It comprises three islands: Grand Cayman (76 square miles), Cayman Brac — some 90 miles to the northeast — (15 square miles), and the adjacent and largely undeveloped Little Cayman (11 square miles). In 1997 the population was estimated at 36,600, compared with 25,355 in 1989 (the year of the last census for which statistics are available) representing an annual average increase of about 5 per cent. The results of the October 1999 census are not yet available.

2. Currently, native-born Caymanians comprise about 58 per cent of the population, an estimated 25 per cent are of African descent, 20 per cent are of European descent and the remainder are mixed. Overall, the cosmopolitan nature of the population is well illustrated by the fact that some 120 different countries of birth outside the Cayman Islands were recorded in the census of 1989. Approximately 95 per cent of the population live on Grand Cayman, which is the site of the capital city of George Town.

II. Constitutional and political developments

3. According to information provided by the administering Power, the present Constitution came into effect on 22 August 1972, and provides for the Government of the Cayman Islands as a colony under the sovereignty of the United Kingdom of Great Britain and Northern Ireland. A motion was passed by the islands' legislature in 1990 to review the Constitution. The amendments proposed as a result of the review came into effect in 1994. They included the adoption of a ministerial system of government and the addition of a fifth elected member to the Executive Council. In 1992, elected membership in the Legislative Assembly was increased from 12 to 15. This change was also in line with the results of the constitutional review. Elections for the Legislative Assembly were held on 17 May 1999.

4. In brief, under the revised Constitution of 1994, the Governor, who is appointed by the British monarch, is responsible for external affairs, defence, internal security and public service. The Governor is the Chairman of the Executive Council, which comprises three members appointed by the Governor and five members elected by the Legislative Assembly. Constitutionally, the Executive Council is responsible for the administration of government. The Legislative Assembly comprises 3 official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Since 1991, a Speaker is elected to preside over the Assembly.

5. The judicial system is based on British common law, certain British statutes and local statute law. The administering Power states that the independence of the judiciary is an integral component of the economic, social and political stability in the Cayman Islands. There are three levels of courts in the Cayman Islands: the Summary Court, the Grand Court and the Cayman Islands Court of Appeal. Appeals from the Summary Court are heard by the Grand Court and appeals against Grand Court decisions go before the Cayman Islands Court of Appeal. The final right of appeal from a Grand Court decision is to the Privy Council in London, which does not deliver a decision, but advises the Secretary of State about the merits or otherwise of individual appeals. Unlike many other British Territories, lawyers in the Cayman Islands may both interview clients and appear on their behalf before the Grand Court (attorneys practice as both solicitor and barrister).

6. Elections in the past have been contested between independents and loose alliances known as teams. Politics have been run on a basis of consensus. The party system is of recent development.

7. In 1991, the Progressive Democratic Party (PDP) was formed, followed by the National Team one year later. In February 1995, an independent member of the Legislative Assembly, Gilbert McLean, founded Team Cayman in opposition to the ruling National Team. The National Team retained its majority in the Legislative Assembly at the 1996 general election but its representation was reduced from 11 seats to 9.[2]

8. In March 1999, a proposal entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" was presented by the Parliament of the administering Power, the United Kingdom, as a White Paper. The objective of this proposal was to modernize the relationship between the administering Power and its Overseas Territories.[3] The main recommendations

of the White Paper reiterated by the administering Power, are outlined in paragraph 76 below.

9. Key developments in the Territory during 1999 included the following:

(a) The establishment by the Legislative Assembly of a Select Committee to review the aforementioned White Paper, receive input from the public, and formulate an official response on behalf of the Government of the Cayman Islands;

(b) The completion, and presentation to the Legislative Assembly of a national strategic plan and a vision statement reflecting national development priorities over the next decade;

(c) The appointment of Judith Dilbert as the new Representative of the Cayman Islands to the United Kingdom, with effect from August 2000;

(d) The design, development and implementation of a new system of financial management tools and methods of accountability for the Cayman Islands Government;

(e) The introduction, starting in 1998, of a new family of banknotes — the "C/1" series. These notes were the first to be released under the name of the Cayman Islands Monetary Authority, and reflect the change in law under which banknotes are issued. The authority also issued a 2 Cayman Islands dollars (CI$) coin commemorating its establishment.

III. Economic conditions

A. General

10. The Cayman Islands have one of the highest standards of living in the Caribbean, with a per capita gross domestic product (GDP) of US$ 30,120 in 1998. The economy is based on tourism and on the Cayman Islands' status since 1966 as an international offshore finance centre. The principal sources of government revenue are import duties, company, bank and trust licence fees and stamp duties. There is no income tax, company tax or excise duty. Although imports outstrip exports by about 100:1, the visible trade gap is more than offset by invisible earnings from the tourism and financial services sectors.

11. Regarding public finance, the Government's preliminary unaudited revenue for 1998 was CI$ 274 million, which included recurrent revenue of CI$ 248.1 million and a loan income of CI$ 26.4 million. Preliminary government expenditure in the same period was CI$ 260.7 million, including CI$ 1.23 million transferred to the general and housing reserve funds. There was a surplus of CI$ 2.3 million brought forward from 1997, providing an overall surplus of CI$ 9 million as at 31 December 1998. The general reserve balance was CI$ 10.5 million at the end of 1998. Public debts, including self-financing loans serviced from statutory authorities, was CI$ 89.2 million as at 1 January 1998. New loans drawn down and repayments made during the year resulted in a balance of CI$ 93.7 million at the end of the year.[4]

12. Import duty collection, the number one source of government revenue, rose to CI$ 94.74 million in 1998, topping the previous year's record by some CI$ 11 million, a 12 per cent increase.[4]

B. Tourism

13. The tourism sector dominates the Caymanian economy, accounting for about 70 per cent of the gross domestic product and 75 per cent of foreign currency earnings. The Government's Department of Tourism is charged with supporting the local industry and planning its development. The department markets the island overseas through publicity campaigns and the maintenance of offices in several foreign countries. It also undertakes training programmes for the industry, and carries out licensing and regulatory functions. The Department of Tourism has continued its efforts to diversify and attract new markets, launching aggressive marketing campaigns in the United Kingdom and the United States and opening an office for South America based in Argentina in October 1998.

14. A sustained seven-year growth trend in air travel and the cruise industry reflects the popularity of the Cayman Islands as a holiday destination. The resorts maintain an up-market image and offer luxury accommodation. Hotel occupancy is high, especially along Grand Cayman's Seven-Mile Beach.

15. The number of stopover visitors have continued to climb throughout the 1990s (after a slight contraction in 1991), reaching 404,205 stopover visitors in 1998, a 6 per cent increase over 1997. Cruise-ship passenger numbers increased from 1994 to 1997, to reach 866,609; in 1998 the number fell by 1.6

per cent to 852,507. United States nationals account for more than 70 per cent of total visitors, but the number of Caribbean and Canadian visitors is increasing. Repeat visitors represent 40 per cent of arrivals.[2]

16. Although there was an increase in arrivals from the United States in 1999, there was a comparative decrease in non-resident (stay-over) air arrivals in 1998. According to the Minister of Tourism of the Cayman Islands, part of this decline was attributed to the loss of 600 rooms with the closure of the Holiday Inn and Grand Pavilion hotels. It is expected however, that these losses will be offset by new hotel and condominium projects due to open soon on the Islands.[5]

C. Financial services

17. The Cayman Islands remains among the top international financial centres, with 45 of the world's top 50 banks holding licences there. Overseeing this thriving industry is the Monetary Authority established in 1997. The authority is responsible for the supervision of banks and trust companies, and the administration of the Cayman Islands currency.

18. During 1998, with the arrival of 24 new licensees, the number of banks with a physical presence in the Islands increased. Active bank and trust licences totalled 587 at the end of 1998, down from 594 at the end of 1997. The reduction was due largely to a spate of mergers and acquisition in the global financial market. The number of "A" banks remains at 30, with seven of these active in the retail market.[6] At the end of 1998, there were also 475 captive insurance companies, 1,978 licensed or registered mutual funds and 41,173 registered companies.[7]

19. The Insurance Division is responsible for the supervision of all insurance companies, both those that operate locally and the "exempt" companies that only operate overseas (in this instance, the distinction "exempt" refers to insurance companies which only accept and deal in overseas risks). Among exempt companies, 1998 was a record year with the issuance of 485 licences as well as 16 cancellations. Some 82 per cent of all captives emanate from the United States. The next most important geographical source is the Caribbean and Latin America, with 10 per cent, followed by Europe with 6 per cent. Two new licences were granted to companies to operate in the Islands during 1998, bringing the number of licences in force to 31.

20. The Insurance Division performed the first in a series of on-site inspections of 1998. The existing legislation provides the Monetary Authority with the power to take action against registrants or non-registrants. In 1998, the Liabilities Support Law (1997) came into force. The law ensures that all domestic insurance companies maintain sufficient assets in the Cayman Islands to match their technical liabilities.

21. All major registers at the General Registry recorded increased activity during 1999. The Companies Registry led the way with record new registrations of 8,501 and a year-end total of 45,169. It was also a record-breaking year for revenue, with collections at CI$ 22.13 million.

22. The Cayman Islands Stock Exchange celebrated its first anniversary in July 1998, with over 100 listings, and continues to grow. The total market capitalization of all listed companies at 31 January 1999 was in excess of US$ 11 billion.[4]

23. The Organisation of Economic Cooperation and Development (OECD) is pressurizing offshore centres, including the Cayman Islands, to increase the transparency of its financial system and to support efforts to reduce tax evasion. The Cayman Islands has begun a dialogue with OECD on these matters, and is looking at how best to extend the mutual legal assistance treaty, to which the United Kingdom is a party, to the United States. At present, the treaty does not cover tax crimes. If the mutual assistance treaty were extended, it would allow Cayman Islands courts to work with the United Kingdom and the United States in legal actions against individuals and criminals suspected of tax evasion.[8]

24. A draft code of practice intended to give practical guidance to financial services providers on the prevention and detection of money-laundering offences was issued in May 1999. The code provides for policies which should be adopted by those involved in relevant financial transactions in order to maintain the integrity of the Cayman Islands financial sector with respect to money-laundering.[9]

25. As a demonstration of its continuing commitment to promoting and implementing a well-regulated financial services sector for quality investors, the Government of the Cayman Islands jointly hosted, with

the United Nations Office of Drug Control and Crime Prevention, a two-day United Nations offshore forum in March 2000. The forum was an anti-money laundering initiative to obtain global commitment to internationally accepted standards of anti-money laundering measures as they applied to cross-border financial services. Financial regulators from the Caribbean, Africa and the South Pacific agreed to a series of principles and minimum standards designed to prevent criminals access to financial markets. Delegates agreed that all financial services centres should be invited to enter — as soon as possible and no later than 30 September 2000 — into a formal governmental commitment to the United Nations offshore forum's proposed minimum standards.[10]

D. Agriculture, livestock and fisheries

26. Agricultural activities, limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past five/six years with 10 large farms totalling over 100 acres now in service. Agricultural products include bananas, tomatoes, lettuce, honey, mangoes, citrus fruits, various vegetables and coconuts. Livestock rearing consists of beef cattle, poultry and pigs. Responsibility for regulating and developing the agriculture sector rests with the Cayman Islands Department of Agriculture. The Department provides advisory and technical services in crop and livestock husbandry, carries out extensive activities, conducts and monitors the practice of veterinary medicine and sells agricultural equipment and supplies. The Department also participates on the board of the Cayman Islands Farmers' Cooperative Society Limited, assisting it with strategic and operational matters.

27. The Farmers' Market, which is operated by the Cayman Islands Cooperative Society, achieved only minor growth in total revenue, from CI$ 1,676,947 in 1997 to CI$ 1,689,011 in 1998. This relatively low growth performance was attributed to the markets' growing indebtedness, chronic lack of working capital and an ageing physical plant. During 1998, the market recorded a 4 per cent increase in its wholesale business.[6]

E. Shipping registry

28. The year 1998 saw a record 225 shipping registrations in the 12-month period. In commercial shipping, tonnage growth set another record of 38 per cent. Yacht registrations continued well in 1998, maintaining the Cayman Islands position as the world's leading offshore registry for "superyachts".

F. Manufacturing

29. There is some light industry, encouraged by incentive legislation that has been in force since 1950. Products include building materials, jewellery, printing, furniture and chemical processing. Approved manufacturing ventures are exempt from import duties.

IV. Social conditions

A. General

30. According to the administering Power, the aim and effect of legislation and action by the Government in the social sphere is to create a society in which individual effort is rewarded while a cushion is provided, often with voluntary help, for the less fortunate.

B. Social services

31. The Government provides assistance to the elderly and disabled, children and young people, persons with mental illness and learning disabilities, and families in financial need. Major services include residential and day care, home help for those confined at home, other social services for Cayman's youth and women, and drug prevention and rehabilitation programmes. Children's services carried out by the Department of Social Services include adoptions, foster care and the operation of several children's homes.

32. Numerous voluntary and service groups provide assistance to address many social concerns. Many of them are dedicated to specific causes, such as drug prevention and rehabilitation, cancer and the prevention of cruelty to animals. These groups are supported mainly by donations from the Government,

the private sector and individuals, and are generally staffed by volunteers.[6]

33. Following the recommendation of the Ministry for Social Welfare, government monetary assistance to the elderly and disabled will increase from $250 to $400 per month from the year 2000. Assistance is paid to Caymanians who are 60 years and older and who have little or no income, to the disabled and to the handicapped.[11]

C. Human rights

34. The Territory is subject to several major human rights conventions that were acceded to by the administering Power. These include the International Convention on the Elimination of All Forms of Racial Discrimination, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Rights of the Child and the Second Optional Protocol to the International Covenant on Civil and Political Rights (aiming at the abolition of the death penalty).

35. The administering Power identified, through its above-mentioned White Paper, several human rights issues concerning which it would like to see reforms, in particular, homosexuality and capital punishment.

36. The administering Power seeks the enactment of legislation similar to the United Kingdom Sexual Offences Act 1967, which legalized homosexual acts between consenting adults in private. According to press accounts, however, the territorial Government would oppose local legislation to legalize homosexuality on the basis of the religious beliefs of a majority of Caymanians that homosexuality should not be legalized.[11]

37. The White Paper also notes that the administering Power expects all Overseas Territories to remove capital punishment for treason and piracy from their statute books. The Government of the Cayman Islands response is that capital punishment for treason and piracy is derived from English common law and are not crimes that there have ever been any prosecutions for. Thus, the abolition of the death penalty and substitution of life imprisonment for treason and piracy will have no effect in practice.[12]

38. The Territory, otherwise, has a wide array of laws and institutions to protect certain human and social rights. Some of these are described below.

Gender and Women's issues

39. According to the administering Power, under the Health Services (Fees) Regulations of 1975, contraceptive services are provided free of charge, in addition to free antenatal service, which is already being provided to all residents irrespective of nationality.

40. The Labour Law provides for 12 weeks of mandatory maternity leave in a year, after 12 months of service, of which four weeks will be paid leave. The leave entitlement is on a pro rata basis for workers with less than 12 months of service. The General Orders (which regulate terms and conditions of employment in the civil service) have been amended to provide for 12 weeks of maternity leave to women in the civil service who have completed 12 months of service.

Protection of children and young persons

41. The Youth Justice Law of 1995 is considered the main instrument in this area. In addition, other relevant laws are the Adoption of Children Law (Revised); the Education Law of 1993 and the 1971 regulations; the Guardianship and Custody of Children Law (Revised); the Juveniles (Joint Trials with Adults) Law; and the Legitimation Law (Revised).

42. Measures to protect children and young persons from exploitation are provided by the Juvenile Law. The National Council for Social Services, a voluntary body subsidized by the Government, runs a number of pre-school facilities and gives support in various ways to the children of broken homes. The Youth Justice Law places restrictions on the employment of children. The school-leaving age is 15 years and 9 months.

Food and clothing

43. The administering Power stated that the Government of the Territory had also seen no need to legislate on the right to adequate food, preferring the practical course of extending the already wide range of basic foodstuffs exempt from the import duty tariff, which provides much of its revenue. The list of duty-free imports now includes milk, rice, raw sugar, wheat flour, potatoes, all poultry, salt beef, salt fish, cheese, coffee and cornmeal. Further, the knowledge of the

principles of nutrition is disseminated through social education in schools, by public health nurses in government health centres and through articles in the local press. Educational programmes on nutrition are organized through the hospital nutritionist.

44. The distribution of clean used clothing to needy families is undertaken by voluntary bodies such as service clubs. The Department of Social Services provides free school uniforms and other clothing to children in foster care or in children's homes, as well as to other children whose families are financially unable to provide adequate clothing for them.

D. Housing and construction

45. The Housing Development Corporation Law of 1981 provides for the promotion of housing development by extending mortgage loans to residents in the low- to middle-income bracket. In 1997 the Housing Corporation continued to concentrate its efforts on the retirement of its 5 and 7.5 per cent fixed interest bonds. By the end of the year 99 per cent of the bonds had been redeemed. Preliminary discussions were held with the Caribbean Development Bank on the possibility of obtaining a line of credit for a special mortgage programme for lower income Caymanians.

46. The Government guarantees home mortgages for low- to middle-income housing. Under the Home Mortgage Scheme, local banks provide up to 100 per cent financing on the strength of a 35 per cent government guarantee. Applicants must be Caymanians with incomes lower than US$ 60,000 per year.

47. There is a building code, which includes provisions to meet earthquake and hurricane hazards and other public safety concerns. An electrical code and plumbing policies have been established, including licensing and inspectorate provisions.

48. The residential sector continued to play a major part in the construction industry in 1998, with a combined total of 591 projects, valued at over $178 million or 67 per cent of the total value of approved developments. In the commercial sector, there were 70 projects valued at approximately $38.9 million; the industrial sector had nine projects valued at $6 million; the Government sector had seven projects valued at $3.6 million.[13]

E. Labour

49. The Department of Human Resources is charged with administering the Labour Law. The Law governs the terms and conditions of employment in the Territory. In carrying out that function the Department, *inter alia*, provides remedies for resolution of unfair dismissal and other labour-related disputes; outlines procedures for employers to discipline employees who are guilty of misconduct; provides for the health, safety and welfare of employees; and facilitates the employment of Caymanians. In 1997, the Department handled approximately 250 complaints.

50. A local trade union, the National Alliance of Cayman Islands Employees (NACE) was formally launched in 1999. It is believed to be the third such local organization since the passage of the Trade Union Law in 1942.[14]

51. There is little or no unemployment in the Cayman Islands, which had an unemployment rate of 4.2 per cent in 1997.[7] The demand for foreign labour continued in 1998, and 12,885 work permits were issued for both skilled and unskilled workers.[6]

F. Infrastructure

52. The Territory's development as an international business centre has been facilitated by modern and reliable telecommunications and utility services. The multinational company Cable and Wireless holds an exclusive license for provision of telecommunication through its local Cable and Wireless (Cayman Islands) Ltd.

53. International air services are provided between Grand Cayman and the United States, Europe and Jamaica, Honduras and Cuba. Major United States and British airlines operate regularly to and from the Caymans. Domestic airline services and charters operate between the sister islands of the Caymans.

54. The port of George Town, Grand Cayman, was the main gateway for the 869,441 cruise-ship visitors who visited the island during 1998. The Cayman Islands are served by scheduled passenger liners, and a number of locally owned or registered vessels provide cargo services between Miami, Tampa and Jamaica. A proposed $12.2 million expansion of the dock facility and surrounding area will enable the Port Authority to handle the ever-increasing volumes of cargo.

55. The Public Works Department is responsible for maintaining public and government infrastructure in the three islands. In recent years, it has either undertaken or managed construction projects ranging from the George Town Health Services complex, the Owen Roberts Airport expansion programme, the Harquail by-pass and the visitors' centre at Pedro Castle to new school buildings.

56. The Caribbean Utilities Company, a local corporation, is responsible for the generation and distribution of electricity, under government franchise, on Grand Cayman, while the Cayman Brac Power Company provides the service to the Sister Islands. The government-owned company, Water Authority Cayman, and the private Cayman Water Company provide water and sewage services, which complement residents' private wells and cisterns.[6]

G. Education

57. As a result of the 1983 Education Law, education is compulsory for all resident children between the age of 4 years 9 months and 16 years. The Government is directly responsible for education within this age group, although it encourages and supports pre-school and tertiary education as well. The education sector is overseen by the Ministry of Education, Aviation and Planning. Within the Ministry is an Education Council responsible for promoting education and developing schools within the Education Law. The duties of the Council include providing for public education, determining the conduct of examinations, licensing teachers, and providing funds for students who wish to pursue higher education. The system and curriculum are similar to the British ones, although the Caymanian system has added some flexibility to allow students to successfully enter American colleges as well as British ones. Two public institutions and one private school provide tertiary education. The Community College of the Cayman Islands is government-owned but independently administered. The Cayman Islands Law School is also government-owned, while the College of the Cayman Islands is private. In 1999, the Education Council awarded 40 scholarships to students for overseas study.

58. The Government currently operates seven primary schools, one middle school and one alternative education centre on Grand Cayman, as well as three primary schools and a high school, which incorporates the middle-school level, on Cayman Brac. Tuition is free for Caymanians at those schools. In addition, 10 private schools provide primary and/or secondary education. All private schools are monitored by the Education Department. In 1999, total enrolment was 4,000 in government schools and 2,093 in private schools. This has set a new record. The largest growth was in the primary school in areas of high population growth, such as George Town, Red Bay and Savannah. About CI$ 50 million is to be spent by the Government on new school buildings in the next three years.[15]

59. The Schools Inspectorate, an independent division of the Ministry of Education, Aviation and Planning, completed its first full year of school inspections in 1998. Five schools were trained to carry out self-assessments and three of those schools were subsequently inspected.

H. Public health

60. The Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation, through the Health Services Department and Cayman Islands Counselling Centre, administers health care in the Cayman Islands. The Health Practitioners Board has responsibility for the registration of private practitioners. In addition to general medical care, a wide range of specialist services is available locally. The Health Services Department is responsible for the provision of all government health care, including public health services. The department operates two hospitals, a public health unit, four district health centres, a dental clinic (including school dental service) and the Lions Eye Clinic. The Government has a contractual arrangement with the Baptist Hospital in Miami for tertiary care services.

61. The Public Health Service, which functions under the responsibility of the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation, is responsible for primary health services dispensed at district health centres and through various community health programmes. In addition to the community health nursing staff, the team of public health officers includes three district medical officers, a health promotion officer, a genetics counsellor, a nutritionist and a dietician. Public health services include:

(a) Health advice and necessary vaccines to international travellers;

(b) Antenatal, post-natal and family planning services (available free of charge to all residents);

(c) Haemoglobin electrophoresis testing for sickle cell disease for all newborns (initiated in 1997);

(d) Health assessments, including vision and hearing tests for children entering school;

(e) Full immunization of children;

(f) Counselling clinics for nutrition and diet.

It cost the Government $35 million to run the Health Services Department in 1999, and estimated costs for 2000 are $40 million.[16]

62. According to information provided by the administering Power, life expectancy at birth is 77 years in the Territory. The major causes of death were diseases of the circulatory system and malignant neoplasms.

63. The Health Services Department opened a new hospital in George Town in April 1999. The hospital, which cost just under US$ 30 million, was the largest ever undertaken by the Government of the Cayman Islands. The facility includes a state-of-the-art, fully staffed Accident and Emergency Room.[12] Otherwise, there is a 59-bed hospital in George Town and an 18-bed hospital on Cayman Brac, and several district health centres and clinics. In 1999, there were 39 doctors in government service, including 3 based on Cayman Brac. There were, in addition, four dentists in government service. Specialist services are available in surgery, gynaecology and obstetrics, paediatrics, internal medicine, anaesthesiology, public health, orthopaedics, ophthalmology, ear, nose and throat, and periodontology. There were another 37 doctors in full-time private practice, providing family health or specialized medical care on a regular basis.

64. According to press reports, 26,000 people in the Territory are covered by health insurance. Of those, about 10,000 are covered by the Government itself. As a result, most residents have at least minimal health care coverage. A health insurance law passed in 1997 established a system of compulsory health insurance for all residents.

65. The incidence of communicable disease is generally low. The prevalence of sexually transmitted diseases, however, is a concern of the local Government. According to information provided by the administering Power, at the end of 1998, 19 persons had died from acquired immunodeficiency syndrome (AIDS), six were fighting the disease and 18 were infected.

66. Immunization coverage exceeds World Health Organization targets. Immunization rates were as follows: poliomyelitis, 93 per cent; diphtheria/whooping cough/tetanus, 93 per cent; haemophilius influenzae B, 93 per cent; measles/mumps/rubella, 94 per cent; and BCG/tuberculosis, 91 per cent.

67. In 1997, a national drug council law was passed, establishing the National Drug Council (NDC) as an independent, non-profit statutory corporation with the mission of coordinating anti-drug efforts in the Territory. The Council was given the authority to develop policies and programmes to directly reduce the supply and demand of drugs. It is responsible for coordinating the implementation of the Cayman Islands National Strategic Plan for Drug Abuse Prevention and Rehabilitation. It is also charged with looking at ways to curb substance abuse through law enforcement, treatment and rehabilitation, education, public information and community support programmes.

68. An NDC national survey published at the end of 1998 had found that 11.5 per cent students had used solvents, 10.5 per cent had used "ganja". The newly appointed drug coordinator noted in September 1999 that Cayman now had a serious substance misuse problem and the NDC would endorse a strategy that called on the family, the community, the social services, to work in concert and establish a national strategy to address this issue.

I. Crime and public safety

69. The Royal Cayman Island Police force comprises some 250 officers. It has a shortfall of Caymanian recruits and has officers seconded by the United Kingdom. Officers recruited are from Jamaica, Belize, Barbados, Canada, Nicaragua, Trinidad, Honduras, Bahamas, Nigeria and the United States.

70. According to press reports based on the annual report of the Royal Cayman Islands Police Service (RCIP), overall crime in the Cayman Islands dropped by 4.5 per cent in 1998 compared with the previous year. While offences against the public order, the person and property declined, there was an increase of 23.2 per cent in drug-related crimes.

V. Environment and natural resources

71. The Cayman Islands' natural environment is still relatively healthy, although the tremendous rate of economic growth and accompanying physical developments are beginning to place considerable pressure on the delicate island ecosystems. Local laws and regulations and administrative and institutional arrangements which enable the protection and conservation of the natural environment are in place, and efforts are currently under way to strengthen and enhance local legislation. Through the Government of the United Kingdom, the Cayman Islands is party also to a number of legally binding international conservation agreements.[6]

72. The Islands have 25 endemic species of plants and reptiles. On Grand Cayman, a botanical park and bird sanctuary provide safe environments for endangered species of birds and lizards. Little Cayman is host to a wide variety of flora, fauna and birdlife. It also has its own bird sanctuary. Over 200 species of birds have been identified on the Islands. Over the years, the Government of the Cayman Islands has employed a variety of conservation strategies, including establishing a system of marine parks and protected areas on land and the development of public education and integrated species conservation. The Department of Environment and the National Trust, which play key roles in the implementation of these programmes, also carry out research and monitoring programmes to support the development of natural environmental policies and new conservation and protection initiatives. Growing public awareness and the development of expertise among government and non-governmental organizations have also contributed to placing local environmental concerns on the national agenda.[7]

73. A new marine pollution law has been drafted to encompass a range of developing legislation covering pollution of the air, sea and coast, pollution by oil, chemicals, garbage, dumping of waste, gas emission and funds for limitation of liability. This new law will also impact the Port Authority and Department of Environment (with regard to spill response, reception facilities, monitoring prosecution etc.). The Cayman Islands will also be the first Overseas Territory to which the Protocol on Specially Protected Areas and Wildlife will be extended.

74. The Cayman Islands have set a world standard in marine conservation. The Cayman Islands Turtle Farm serves as a breeding ground for the green turtle. After being bred and hatched on the farm, they are released into the ocean. This has led to an increase in the previously diminishing sea turtle population.[7]

75. Environmental health is also an important area of concern to the Government of the Cayman Islands. The Environmental Health Department carries out its functions through sanitation inspections, solid waste management, recycling programmes and educational and promotional activities. It pursues programmes for mosquito control, including monitoring, larval inspection, wide-ranging techniques and research into the latest control methods.[6]

VI. Future political status of the Territory: position of the administering Power

76. In March 1999, the Government of the United Kingdom presented to Parliament a White Paper entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories". Speaking in her capacity as Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Baroness Scotland, on 3 April 2000, reiterated the key recommendations of the Paper as follows:[17]

(a) A redefinition of the relationship between the administering Power and its overseas territories to promote self determination, responsibilities for both partners, the exercise of democratic practices in the territories to allow the people of the territories the greatest degree of control over their own lives, and the continuance of British help to those overseas territories that need it;

(b) A priority for action in human rights. Those territories that choose to remain British must abide by the same standards of human rights and good governance as demanded of itself by the British Government, while local legislation must reflect the European Convention on Human Rights and the international convention on civil and political rights;

(c) A commitment to nurture and ensure the benefits from having a financial sector and the responsibility and obligation to ensure that the sector is properly regulated, adhering to all international

standards of regulation and best practice. As a follow-up to this recommendation, Baroness Scotland made special note of a major consultancy study to review the existing state of financial regulation and organization in the territories set up and jointly funded by the administering Power and the Governments of the five Caribbean Overseas Territories and Bermuda;

(d) Finally, the need for constitutions to be updated to reflect current needs and, as far as possible, lay foundations that will endure for some years ahead. Emphasizing that there must be full consideration and consultation across political parties and the community as a whole, as well as with the administering Power, Baroness Scotland stated that "We stand ready to consider ideas that have been fully discussed locally, that command wide local support and are appropriate, realistic and compatible with our international obligations and consistent with good government."

Notes

[1] The working paper is based on information provided by the administering Power under Article 73 *e* of the Charter of the United Nations, as well as from published sources.

[2] Economist Intelligence Unit, *Country Profile: Cayman Islands* (2000).

[3] For the text of the White Paper, see A/AC.109/1991/1, annex.

[4] *Cayman Islands Annual Report and Official Handbook, 1999*.

[5] *The Caymanian Compass*, 15 October 1999.

[6] 1998 annual report: Cayman Islands.

[7] British Overseas Territories White Paper, appendix I.

[8] Statement by George McCarthy, Financial Secretary of the Cayman Islands, reported in Economist Intelligence Unit views wire, 3 February 2000.

[9] *The Caymanian Compass*, 30 July 1999.

[10] Press release, ODCCP, 31 March 1999, and Reuters, 31 March 2000.

[11] *The Caymanian Compass*, 9 August 1999.

[12] *Ibid.*, 1 April 1999.

[13] *Ibid.*, 14 August 1999.

[14] *Ibid.*, 25 October 1999.

[15] *Ibid.*, 30 October 1999 and 28 September 1999.

[16] *Ibid.*, 18 October 1999.

[17] Speech given at a conference on the theme "Overseas territories: into the new millennium" held at Wilton Park, United Kingdom, on 3 April 2000.